



Interstate® Brick

a division of PABCO Building Products, LLC

John Hewitt
Assistant Plant Manager
9780 South 5200 West
West Jordan, Utah 84088-5625
(801) 280-5230
(800) 233-8654
Fax (801) 282-5321

Michael Ford
Geologist
Bureau of Land Management
Salt Lake Field Office
2370 South 2300 West
Salt Lake City, UT 84119

September 13, 2005

Subject: **Jim Gay and Smokey Joe Mines**
BLM references: 3809, U-69204, U-69216, (U-023)

Dear Mike,

On Sept 1, 2005 Frankie Delliskave and I met you at the site of the Jim Gay and Smokey Joe Mine sites in to make a plan of action this fall concerning reclamation, mining, and maintenance of these sites. This letter is to serve as a record of what we discussed and hopefully will serve as an acceptable plan of action.

Jim Gay Mine, area located at T. 7 S., R. 1 W., E ½ SE ¼ SE ¼ of Section 12:

Map 1 below shows two regions (shown in green and light blue) of a previously mined area. The following photos 1 and 2 show these areas as they are now.

The steep wall on the Northern edge of the green area will be graded so as to not pose a hazard (See photo 1).

The sides of the trench on the region at the South end (See photo 2.) will be stabilized and reclaimed. We may take some material, mostly rocks, piled near the top region to fill in the trench and achieve a safe grade as required.

The south end of the lower area (light blue on map) is the border between the BLM and Waldco, LLC property. In the photo the un mined clay is visible on the Waldco property.

We would like to do this reclamation work in conjunction with mining on the Waldco, LLC property this winter.

You mentioned that this work needs to be done in order to close out the old Mining Notice in order to be able to transition to a mineral material sale arrangement for mining future clay that may be adjacent to this former mine area on BLM land.

Smokey Joe Mine, area located at T. 7S., R.1W., SW4 Section 9:

As we discussed, what we need to do is reclaim this site down to 5 acres or less in accordance with the mineral material sale guidelines.

PABCO BUILDING PRODUCTS, LLC. BRICK DIVISION

H.C. MUDDOX: 4875 Bradshaw Road, Sacramento, CA 95827-9727

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We discussed sloping the end of the large old overburden pile and seeding so that this would blend in naturally with the surrounding area. See the light blue region on Map 2.

As we discussed, currently at this mine there exists, I estimate, an appreciable amount of material of value that could be easily extracted, so we would prefer not to permanently reclaim this part. This material is located in the floor of the mine, west of the hill face, still has appreciable clay that is usable (See photo 4). I estimate, based on walking off that floor, that there is approximately 111,000 cubic yards of usable clay. We guess that this clay goes down 30 feet in area in the foreground of the photo and 40 feet in background area of the photo. This is what is easily extractable and does not include what may be in the hill, which is unknown and questionable since rock can be seen mixed in with the in-situ clay.

We could plan on doing this work in the fall/winter or possibly in the spring.

Interstate Brick appreciates your cooperation and willingness to work together amicably and we look forward to progress.

Sincerely,

John Hewitt

Map 1: Jim Gay Mine.

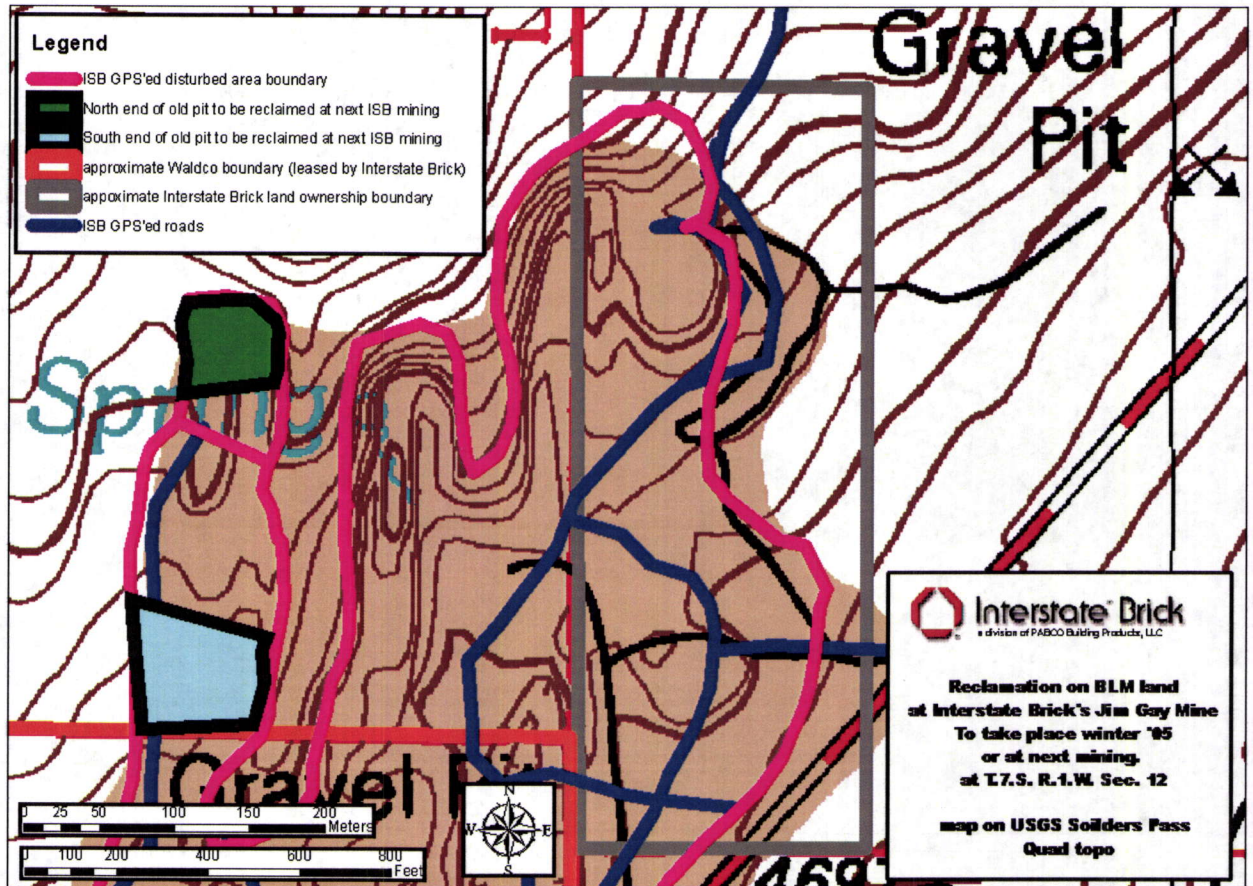
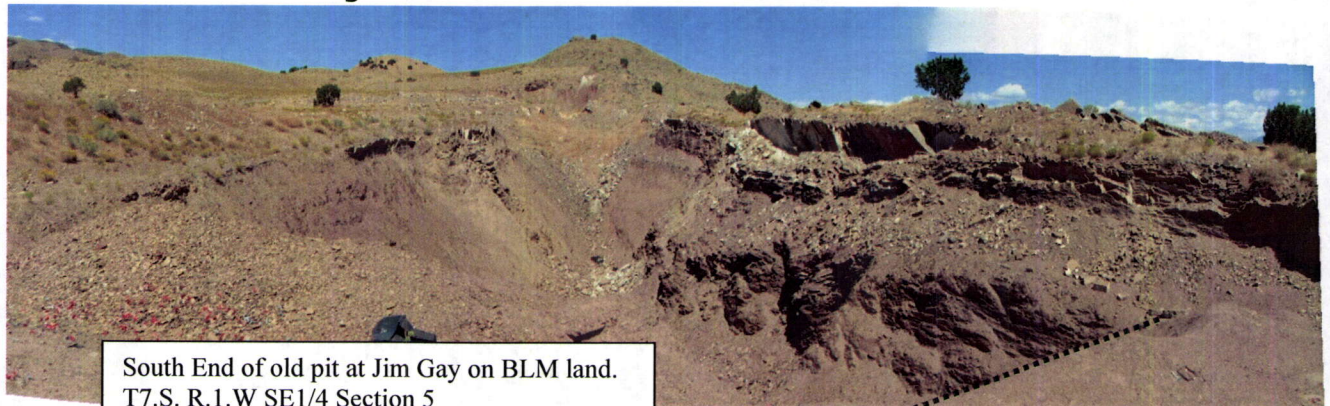


Photo 1: Area at North end of Trench.



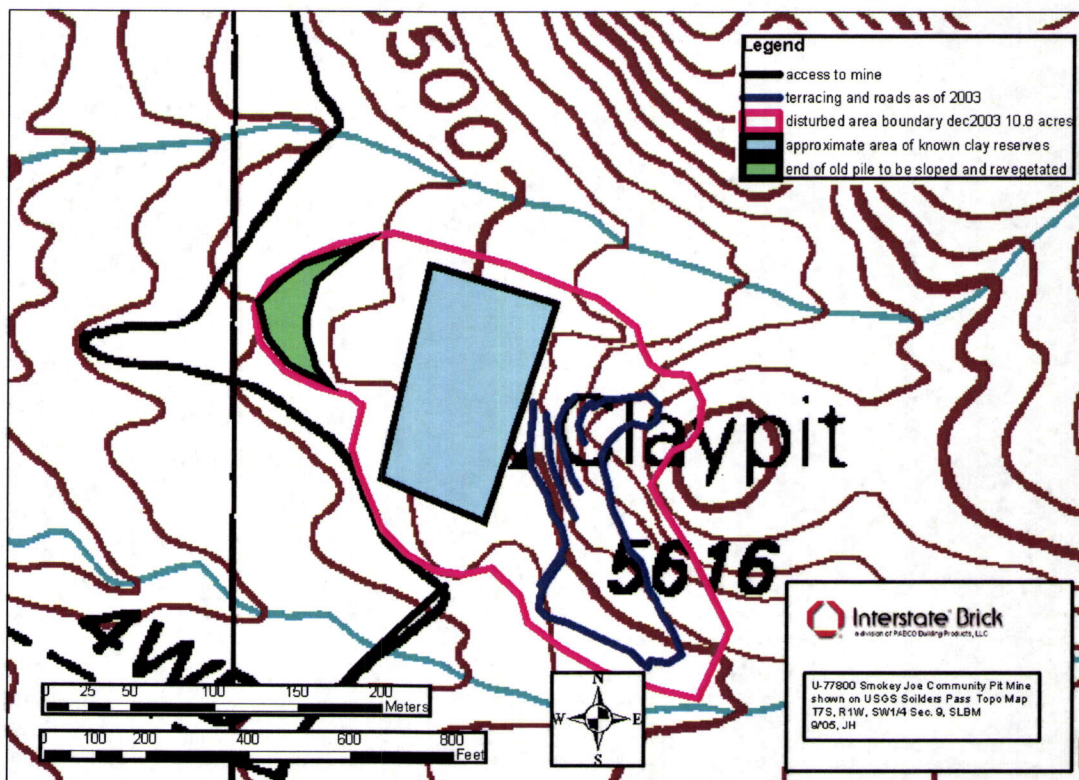
Photo 2: Jim Gay Mine. Area at South end of Trench:



South End of old pit at Jim Gay on BLM land.
T7.S. R.1.W SE1/4 Section 5

Dashed line is BLM/ Waldo property boundary. Interstate would stabilize these slopes North of line when clay is mined this winter from south of line back.

Map 2: Smokey Joe Mine.

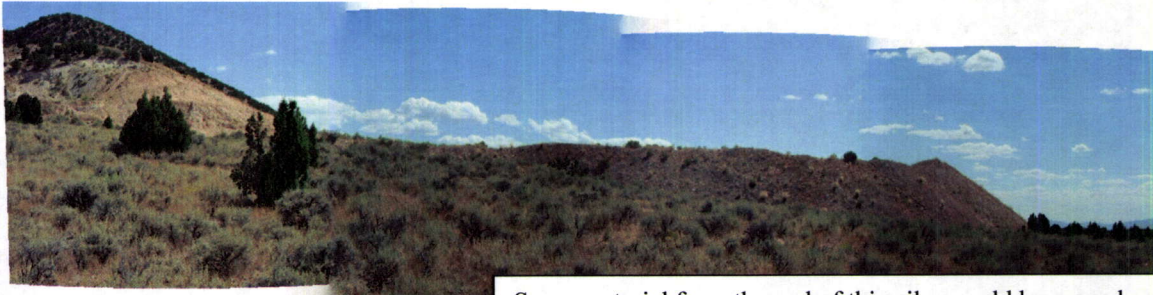


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Photo 3: Smokey Joe Mine. Old Waste Pile at mine (left side of photo). Looking from North to South at the mine.



Some material from the end of this pile would be moved and stacked at the base of the open mine face allowing the end of this pile to blend in visually with the surrounding area. Parts of this hill would be seeded to blend in with the surrounding area.

Photo 4: Smokey Joe Mine

The Floor of the mine that containing useable material. The material in the back is the original floor of the mine that has not been taken down. This is approximately half of the area estimated reserves.

